

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	POCAHONTAS GAS PARTNERSHIP	)
RELIEF SOUGHT:	MODIFICATION OF VIRGINIA OIL	) DIVISION OF
	AND GAS CONSERVATION ORDER NO.	) GAS AND OIL
	OGCB 3-90 ENTERED MAY 18, 1990	)
	FOR THE PURPOSE OF EXTENDING	) DOCKET NO.
	THE BOUNDARIES OF THE OAKWOOD	) VGOB 93-0216-0325
	COAL BED GAS FIELD I TO INCLUDE	)
	AN AREA IN BUCHANAN COUNTY,	)
	VIRGINIA, AS DESCRIBED IN PARAGRAPH	)
	7.a. BELOW AND DEPICTED ON THE	)
	PLATS ATTACHED HERETO AS EXHIBITS	)
	A AND B (herein sometimes referred to	)
	as "Hurricane Branch Extension") AND	)
	TO ESTABLISH DRILLING UNITS WITHIN	)
	SAID HURRICANE BRANCH EXTENSION	)
LEGAL	BUCHANAN COUNTY, VIRGINIA	)
DESCRIPTION:	(SEE DESCRIPTION SET FORTH IN	)
	PARAGRAPH 7.a. BELOW AND PLATS	)
	ATTACHED HERETO AS EXHIBIT A AND	)
	EXHIBIT B)	)

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on February 16, 1993, Dickenson Conference Room, Southwest Virginia 4-H Center, Abingdon, Virginia.

2. Appearances: Elizabeth McClanahan of the law firm of Penn, Stuart, Eskridge & Jones appeared for the Applicant; Mark A. Swartz appeared of OXY USA, Inc. and Island Creek Coal Company; Kyle Robertson, Melleg Estridge and Charles Presley appeared pro se; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas or oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by the Applicant as a potential owner of the coalbed methane gas underlying the area described in Paragraph 7.a. below and depicted in the plats attached hereto as Exhibit A and Exhibit B, and (2) has given notice to all parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, 1950 as amended, to notice of this application, and (3) that the persons set forth in Exhibit C hereto are the persons so identified by Applicant. Further, the Board has caused notice of this hearing to be published as required by §45.1-361.19.B., Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant seeks to modify the coalbed methane gas field (herein the "Oakwood I Field") as established by Order No. OGCB 3-90 dated May 18, 1990 (hereinafter the "Oakwood I Order") to: (a) extend the boundaries of the Oakwood I Field as originally established by the Oakwood I Order to include that area in Buchanan County, Virginia, described in Paragraph 7.a. below and depicted in the Plats attached as Exhibits A and B, (herein "Hurricane Branch Extension") for the exploration, development and production of coalbed methane gas from all seams below the Tiller Seam, including but not limited to the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed seams and all zones in communication therewith and all productive extensions thereof (hereinafter the "Pool") (b) extend the applicability of the Oakwood I Order, as modified hereby, to all Operators exploring, developing and producing coalbed methane gas to the Hurricane Branch Extension; and (c) establish drilling units for the Hurricane Branch Extension of the Oakwood I Field in accordance with the criteria set forth in the Oakwood I Order and as depicted in Exhibit B hereto.

7. Relief Granted: Available data and the evidence adduced at the hearing show that the Pool underlying the Hurricane Branch Extension has the same characteristics as, and a similar nature to, the Pool underlying the Oakwood I Field and that their combined areas should be treated as a common coalbed methane pool or reservoir subject to the field rules established by: (1) the Oakwood I Order, as amended, hereby and (2) VGOB Order No. 91-1119-0162 entered May 28, 1992, effective as of December 17, 1991, as amended by VGOB Order No. 93-0216-0336, for unsealed gob gas, short hole gas, and gas from any additional well authorized by §4.1-361.20 of the Code of Virginia, 1950 as amended (collectively "Oakwood II Order"); therefore, the requested relief in this cause be and hereby is granted and: (1) Pursuant to §45.1-361.20, Code of Virginia, 1950 as amended, the Oakwood I Order is modified and amended in the following respects:

a. The first full paragraph on page 3 of the Oakwood I Order is deleted in toto and replaced with the following language:

IT FURTHER APPEARING TO THE BOARD from the evidence adduced that it may be necessary for an operator to request, from time to time, location exceptions. The Virginia Gas and Oil Inspector may grant such location exceptions upon satisfactory proof of need on a case-by-case basis.

b. Paragraph Numbered 1, Page 4, of the Oakwood I Order is amended to provide that in addition to the area included within the Oakwood I Field as set forth and described in said Paragraph 1, the boundaries of the Oakwood I Field are extended to include the Hurricane Branch Extension, an area bounded as follows:

Beginning at a point Virginia (South Rectangular) State Plane Coordinate N 345,234 E 1,017,643 thence S 87° 15' 19" E 11,195.84 feet to a point (N 344,815 E 1,028,831), thence S 02° 00' 35" W 16,851.37 feet to a point (N 327,974 E 1,028,240), thence N 87° 50' 10" W 11,203.99 feet to a point (N 328,397 E 1,017,044), thence N 02° 02' 15" E 16,847.65 feet to the point of Beginning, containing 4,320 acres, more or less.



The area described in Paragraph 1 of the Oakwood I Order when combined with the Hurricane Branch Extension shall be considered a distinct coalbed methane reservoir or pool and the same be and hereby are collectively denominated the "Oakwood Coal Bed Gas Field I".

c. Paragraph 5 of the Oakwood I Order is amended to provide that the drilling units established for the Oakwood Coal Bed Gas Field I shall be aligned and arranged so that they shall constitute a grid as depicted on both the map attached to the Oakwood I Order as Exhibit A and the map attached hereto as Exhibit B.

d. The Oakwood I Order, as amended hereby, shall apply to all Operators exploring, developing and/or producing coalbed methane gas within the Oakwood Coalbed Gas Field I.

e. Except as specifically modified by Paragraph 7.a., 7.b., 7.c., and 7.d. hereof, the Oakwood I Order shall remain in full force and effect in accordance with its terms which are hereby extended in their application to the Hurricane Branch Extension within the Oakwood Coal Bed Gas Field I.

8. Special Findings:

a. The strata within the Hurricane Branch Extension consists of sandstone, shales and coals of the Lower Pennsylvania Pottsville Group. The formations in ascending stratigraphic order are the Pocahontas (which contains the Pocahontas No. 3 seam) and the New River. There is approximately 800 feet of stratigraphic section between the Pocahontas No. 3 seam horizon and the New River formation horizon. Structurally, this area lies in the asymmetrical, southwesterly plunging Dry Fork Anticline. Strata dips are to the northwest at approximately 1 degree. The Dry Fork Anticline plunges approximately 0.5 degrees to the southwest.

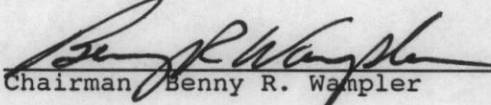
b. Applicant claims a right to explore for, develop and produce coalbed methane gas underlying 80.593% of the lands encompassed within the boundaries of the Hurricane Branch Extension.

c. The evidence presented indicates that the boundaries of the Pool underlying the Oakwood Coal Bed Gas Field I may extend even beyond the Hurricane Branch Extension; however, the Board did not have before it at the time of the hearing sufficient information to determine the extent, beyond the Hurricane Branch Extension, to which the boundary of the Pool might extend, and, therefore, the Board reserves ruling on extending said boundary of the Pool beyond the Hurricane Branch Extension until such time as it has more complete evidence before it to define the ultimate extent of the pool.

9. Conclusion: Therefore, the requested relief in accordance with the terms and provisions set forth in Paragraph 7 above be and hereby are granted and IT IS SO ORDERED.

10. Effective Date: This Order shall be effective as of February 16, 1993, the date of the hearing on this matter.

DONE AND EXECUTED this 5th day of April, 1993, by a majority of the Virginia Gas and Oil Board.

  
Chairman Benny R. Wampler

DONE AND PERFORMED this 5<sup>th</sup> day of April, 1993, by Order of this Board.

Byron T. Fulmer  
Byron Thomas Fulmer  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 5<sup>th</sup> day of April, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

My commission expires 7/31/94

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 5<sup>th</sup> day of April, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

My commission expires 7/31/94